

## Chapter 15: Exam practice question

### Regal Supermarkets: a case study in cultural change

- 1 Explain **one** possible reason why Sally thought it necessary to change the organisational culture of Regal Supermarkets. (4)

Define organisational culture: this is the values, attitudes and beliefs of people working in an organisation that control the way they interact with one another and with external stakeholder groups.

Possible reasons may include:

- to make more profit
- to unlock shareholder value now the company is a plc
- to change the company image
- to discourage promotion based on long service and loyalty rather than on ability and results
- any other relevant point.

Apply **Resources table 3b** mark band descriptors.

Organisational culture must be defined and understanding of the concept demonstrated for 4 marks.

- 2 Outline the type of culture that Sally seems to be introducing at Regal Supermarkets. (4)

Sally seems to be introducing a power culture. It includes the following features:

- power is concentrated among a few people
- autocratic leadership
- decisions can be made quickly because there are few people involved in making them
- managers are judged by results
- hierarchical structures are usually typical of power cultures
- motivational methods are likely to focus on financial incentives and bonuses for exceptional performance, which can encourage risky/inappropriate decisions (not mentioned in case study).

Apply **Resources table 3b** mark band descriptors.

- 3 Analyse the key steps that Sally should have taken to manage cultural change more effectively. (8)

- Enlarged on existing positive aspects of the business.
- Obtained commitment of people at the top (replaced them if they did not give full support).
- Established new objectives and mission statement and communicated to all staff.
- Encouraged bottom-up communication.
- Trained staff in new methods.
- Changed staff reward system to reward based on new values.

The analysis should mention for each key step what mistakes Sally made.

SL: apply **Resources table 1** mark band descriptors.

HL: apply **Resources table 2** mark band descriptors.

A conclusion is required.

**4** To what extent will the change in culture guarantee future success for this business? **(9)**

For guarantee of future success:

- Higher profitability makes success more likely.
- Emphasis on performance is more likely to have the business running efficiently.
- Decisions can be made very quickly when needed.
- Low-skilled personnel may benefit from autocratic management.
- Any other relevant point.

Against guarantee of future success:

- Future success is never guaranteed.
- Bringing a US expert into a UK company may be resented.
- US market experience may not be appropriate to UK market conditions.
- They have moved from a niche market concentrating on service and family atmosphere to be in direct competition with low-cost supermarkets: a highly competitive market with low margins.
- Increase in staff turnover may cause future inefficiency.
- Any other relevant point.

SL: apply **Resources table 1** mark band descriptors.

(SL questions do not usually go up to 9 marks, so the HL table is best used for SL students.)

HL: apply **Resources table 2** mark band descriptors.

A justified conclusion is required.